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DEPARTMENT OF STATE A/CDC/MR
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Economic Importance of Saudi Arabia

Oil

-- Saudi Arabia has estimated proven oil reserves of about 165 billion barrels, over 29 percent of the Free World total.

-- Saudi Arabia's oil production averaged about 9.62 million barrels daily (MMBD) in 1980, more than 21 percent of total Free World production. Saudi exports amounted to almost a third of Free World oil imports.

-- U.S. oil imports from Saudi Arabia in 1979 were 1.4 MMBD, amounting to 17.1 percent of U.S. oil imports and 7.6 percent of U.S. oil consumption. Western Europe imported 3.6 MMBD from Saudi Arabia, 27.6 percent of imports and 25 percent of consumption. Japan imports from Saudi Arabia were 1.9 MMBD, or 33.2 percent of imports and 34.2 percent of consumption.

-- In 1980, U.S. imports from Saudi Arabia appear to have dropped slightly, to about 1.35 MMBD. Given the larger decreases in consumption and imports, however, our relative dependence on Saudi Arabia increased to about 20 percent of imports and near 8 percent of consumption.

-- Saudi Arabia's policy of producing 9.5 MMBD during most of 1979 and 1980, in spite of internal conservationist opposition, contributed greatly to easing price pressures

during 1980. The Saudi increase to 10-MMBD at the beginning of the Iraq-Iran War has been instrumental in preventing a new oil price explosion.

Finance

-- Saudi Arabia earned $100 billion from oil exports in 1980 and ended the year with a balance of payments surplus of $40 billion.

-- Net foreign assets grew by $3.4 billion a month in 1980 and now total over $100 billion; they yield some $10 billion annually in income and may reach $150 billion in 1981.

-- Some 75 percent of Saudi foreign assets ($75 billion) are held in U.S. dollars or dollar denominated instruments, chiefly U.S. Government securities and bank deposits. Other Saudi assets are held primarily in German Marks, Yen, and European currency investments. These investments are a significant source of support for the U.S. and other world financial markets.

-- Saudi Arabia provides some $3 billion (nearly 5 percent of GNP) in foreign assistance annually, primarily economic aid, though about a third of Saudi aid has been for defense purposes. The Saudis have financed the purchase of U.S. military equipment for North Yemen

and Morocco. Other important regional recipients of Saudi aid are: Pakistan, Jordan, Bahrain, Oman, Tunisia, Somalia and Sudan.

-- Saudi Arabia is looked upon increasingly as a source for financing World Bank and IMF lending programs. These institutions are seeking to borrow $16 billion annually over the next few years from the Saudis and other oil surplus countries.

Trade

-- Saudi Arabia spend some $60 billion on imported goods and services in 1980, of which about 20 percent or $12 billion was U.S. supplied. The Saudi market accounts for a third of our total exports to Near Eastern countries and about three percent of our exports worldwide.